

State Planning Project For the Uninsured

Michigan Focus Group Executive Summary

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Michigan State Planning Project for the Uninsured Focus Group Report

Executive Summary

Introduction

The purpose of the Michigan State Planning Project for the Uninsured is to develop realistic strategies for extending health insurance coverage to all Michigan residents. Focus groups were held with insurance agents, uninsured individuals, and employers by the Michigan Public Health Institute (MPHI) pursuant to a contract with the Michigan Department of Community Health (MDCH). These focus groups provided an opportunity for citizens to provide their unique perspectives about issues related to uninsurance.

Focus groups were conducted in eight cities in Michigan during November and December 2005. A total of 69 individuals participated in focus groups. In addition, 90 telephone interviews were conducted to supplement the information gathered in the focus group meetings.

These results should be reviewed from a qualitative frame of reference. The information presented is valid from the point of view of the participants, and therefore is limited to the participants' opinions, knowledge base and information sources. Limitations also exist due to low attendance in many of the groups.

Findings from Insurance Agents

Insurance agent focus groups were held in Southfield and Grand Rapids with a total of 12 participants. Two telephone interviews were also conducted.

Why Employers Purchase Health Insurance

Employers offer health insurance to enhance their recruitment efforts as they compete for quality employees. Some small employers offer health insurance to their workers because they need it for themselves and their families and find that a group policy is less expensive than individual coverage.

Challenges to Selling Health Insurance to Employers

Challenges that agents encounter in selling health insurance to employers include: the cost can be prohibitive; small group products often have limited benefits, particularly if one or more of the employees has a health condition; and employee expectations of what benefits should be included can be unrealistic.

Agents state that the high cost of health insurance can be attributed to small group market reform, regulatory mandates, regional cost structures, consumers desiring access to the best care regardless of cost, and individuals who are uninsured by choice that receive their care in the emergency room. They say that selling health insurance would be easier if agents were able to sell basic plans with optional add-on benefits.

When selling insurance to employers, agents try to explain the importance of health insurance in recruiting and retaining employees, remaining competitive in the marketplace, and maintaining healthy employees.

How Payment of Commissions Impacts the Choice of Insurance Policies Sold by Agents

Agents state that the payment of commissions has no impact on what types of policies agents sell because there is only a slight difference in the commission structures for various health insurance products and carriers.

Employer Concerns about Purchasing Health Insurance

Agents feel that employers' concerns about offering health insurance include: having older employees, which raises the cost of health insurance; employees not knowing the true cost of health insurance and health care; and, health insurance plans limiting access to health care through physician and hospital networks, gatekeepers and prior approval requirements for specified services. Many employers do not offer health insurance because it is too expensive. Some small businesses feel it is more cost effective to give employees higher wages, thus enabling their workers to purchase individual plans, if they so choose.

Most employers the agents work with have not discontinued coverage, but many have reduced benefits and tightened eligibility criteria.

The Effect of Rising Costs of Health Insurance on Employers

One of the roles of agents is to explain to employers that rate increases depend on plan design, geographic location, and the service utilization rates of plan participants. Agents say that premium increases have been moderate recently as compared to previous years.

Agents believe that the tendency of employers to reduce benefits by increasing deductibles and co-pays has had the general effect of reducing annual increases.

How Health Insurance Should be Financed

Agents believe that the current method of financing health insurance is fair because employers can get tax deductions for benefits and employees can finance their share with pre-tax dollars.

One agent suggests that a high-risk pool, subsidized by the government, would reduce the cost of insurance. Several agents also suggest that the government should provide a limited state plan with basic coverage for those that may not be able to afford private plans.

Government's Appropriate Role in Expanding Health Insurance to the Uninsured

Agents have varied opinions on what the government could or should do to help with the provision of health insurance. Some agents feel government's role should be limited to helping low-income residents who need financial assistance to enable them to access health care. The majority of participants agree that the government could help educate the public about the true cost of health care. Some support the government making quality and price information about physicians and hospitals available to the public so they could comparison shop. There is general support for state and federal governments creating more free and low cost clinics to offset over-utilization of emergency rooms.

Findings from Focus Groups with Uninsured Individuals

Focus groups with 24 uninsured individuals were held in Detroit, East Jordan and Jackson. Participants were recruited through contacts at free clinics and health centers.

The Importance of Health Insurance for the Uninsured

The uninsured feel that having health insurance is very important because it provides security, which they define as being able to see a doctor for preventive care to avoid future health problems, and not missing work due to illness. They also feel that insurance provides a way to avoid costly medical bills that may ruin them financially.

Some focus group members with pre-existing conditions attempt to purchase health insurance on their own, but discover that their conditions make obtaining coverage unaffordable, if it is available at all. Some focus group members that work part-time are not eligible for insurance that their employers offer to full-time workers.

Accessing Health Care Without Health Insurance

The majority of uninsured focus group members state they do not receive regular health care such as preventive care, laboratory tests, and maintenance prescription medications. Many also forego dental or vision check-ups to decrease their health care costs. Participants with potentially serious medical conditions state that they have not seen a specialist for additional tests or necessary procedures, since they generally use free clinics and low-cost health centers that do not provide specialty care.

The uninsured try very hard to avoid using emergency rooms, but explain that there are times when they are forced to go there because they are unable to get an appointment elsewhere, or because it is after business hours.

Public Opinions on State-Sponsored Health Insurance Programs

All participants agree that health insurance programs for children generally have good coverage for basic services and they are appreciative of that fact.

There was a great deal of frustration expressed with eligibility guidelines for state-sponsored programs for adults, and particularly with the income guidelines since participants feel these guidelines exclude individuals who are in desperate need of assistance.

Types of Benefits that Would Meet the Needs of the Uninsured

Participants feel strongly that Michiganians are willing to pay more for comprehensive coverage that does not require out-of-pocket expenses such as co-pays and deductibles. They prefer a comprehensive plan that covers preventive visits, laboratory tests, emergency services, hospitalization, prescriptions, vision, dental and specialists.

Recommendations for Extending Health Insurance to the Uninsured

The majority of participants feel it should be a priority to create more free and low-cost clinics. Other recommendations from uninsured focus group members include: reduce wasteful Medicaid spending; organize free health screenings and health fairs; create a universal health care plan; and change the income guidelines for government-sponsored programs to allow more individuals to qualify for assistance.

Setting Premiums for Health Insurance

Participants prefer health insurance premiums be determined by a sliding scale based on income.

Findings from Focus Groups with Employers

Focus groups with employers were conducted in Marquette, Traverse City, Lansing, Grand Rapids, and Detroit. Two employer focus groups were held in each location, one for employers offering insurance and one for those not offering insurance, for a total of ten focus groups. Overall, 20 employers offering insurance and 13 employers not offering insurance participated in focus groups. Additionally, 88 telephone interviews were conducted in December 2005 to supplement the information collected in the focus groups. Of these, 46 were with employers who offer insurance and 42 were with employers not offering insurance. Focus group participants were recruited from Michigan Employer Health Insurance Survey respondents who indicated an interest in participating in a group discussion about health insurance.

Employer Responsibility for Providing Health Insurance to Employees

Most employers believe health insurance should be of concern to them. Those who feel otherwise say that is because it is not feasible for them to offer health insurance to employees, or because their workers have health insurance through a spouse.

Many employers question who should be responsible for providing health care coverage. Some believe that employers are expected to provide health insurance because that's how it's always been done. However, many employers feel that an employer-based system is not the most effective way to provide health insurance coverage.

The Decision to Offer Health Insurance

Employers offer health insurance because it helps them to recruit and retain employees, remain competitive within their industries, and be consistent with the values of their organizations. Key benefits accruing to a company that provides health insurance include: decreased turnover, increased employee loyalty, better morale among employees, and a healthier workforce, which can lead to decreased absenteeism and increased productivity.

Most employers who do not offer health insurance acknowledge that they would like to do so, but are unable to for financial reasons.

The Impact of High Premium Costs on Employers

Employers who do not offer insurance indicate that it is difficult to do so because of cost and the large annual premium increases that have occurred. Those who offer insurance say it is difficult because costs are extremely high for both the employer and employee, and pre-existing conditions limit the carriers and types of coverage that are available. Most feel that it would be easier to offer health insurance to employees if it was more affordable, if small businesses could form some sort of group to get better rates, if the rate changes were more predictable, and if there were more tax credits for employer contributions.

Employer Response to Rising Health Care Costs

To continue offering health insurance during the past three years, employers have changed their plan designs and benefit structures, and have shifted more of the costs to their employees. However, many are unsure how much longer they can continue these practices. Other ways employers have responded to rising costs include: joining a group for small businesses, such as the Chamber or Small Businesses Association to get better rates; changing to a self-funded benefit plan; or working with each individual employee to identify other sources for insurance coverage. Many indicate that they have cut everything that they can, but see no end to cost increases. A preference for some would be to change carriers or policies to reduce costs, but they would lose coverage for employees who have pre-existing conditions.

Some employers who do not offer insurance try to compensate by providing other benefits such as higher salaries and wages, sales incentives, personal loans or reimbursement for medical expenses, and financial rewards for longevity and loyalty. Others say they have done nothing because of the state of the economy and the high cost of health care and health insurance.

Financing Health Insurance

Employers agree that a fair system of financing health insurance would involve the employer and the employee sharing the cost of coverage. The suggested breakdown ranges from a 50-50 split to an 80-20 split, with the employer paying 80% of the cost. Others would like to see government contribute to the cost of health insurance and suggest a three-way sharing of premiums with the employer, employee and government each paying one-third of the cost. Others suggest that contributions from employers and employees should be a percentage of their income/revenues, and the government should subsidize the remaining portion of premiums.

Government's Role in Health Care and Health Insurance

The vast majority of employers, whether they do or do not offer health insurance, say they feel that the government has to take some action to reduce the number of people without health insurance. A government-created state insurance program, into which small businesses and individuals could enroll, with rates on a sliding scale, is supported by some employers. Many employers would like additional tax deductions or credits for offering health insurance, and feel that more education on health insurance would help in reducing overall health care costs.